2009 BUDGET & BUSINESS PLAN SUMMARY

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1. EXECUTIVE SUMMARY

2009 Focus

For 2009, the focus of the organization will be to continue to deliver on our existing services, integrate the Canada Line and Golden Ears Bridge and significant bus expansion into the transportation network, and gain consensus and approval on a new 10-year plan that will provide sustainable funding to maintain service and implement much needed expansion.

2009 will be a particularly challenging year from a financial perspective. It is our intention to deliver on our previous service commitments. The cost of this expansion combined with the increased costs to deliver the existing level of service will require us to draw $103 million from operating reserves.

In order to manage through this transitional period we have adopted the following strategies:

- End 2008 with no draw on reserves.
- Restrain spending on capital and operating expenditures that do not have a direct impact on the service we provide.
- Curtail any expenditures that would not be required if funding is not approved to maintain the existing level of service.
- Aggressively examine business practices and implement changes identified within TransLink and its operating companies that improve cost efficiency.

The drawdown on reserves forecast in 2009 is $16 million higher than the 2008 10-year plan forecast (adjusted for changes in accounting for presentation). The variance is 1.2 percent of expenditures and is reasonable given the financial risk factors on both revenues and expenditures.

Revenue and Expenditure Key Drivers

The following table highlights the key factors that explain difference from the 2008 budget and forecast.

($ Millions)	2009 Budget	2008 Budget	2008 - Q3 Forecast	Drivers
Revenues				
Transit	381.3	354.2	355.4	• Background Growth – 2.3% • Bus Expansion • Canada Line
Golden Ears Bridge Tolls	13.4	-	-	• Bridge opens for revenue service August 1, after 1 month of free use
Real Estate	15.0	-	-	• Property Sales
Taxation	579.2	570.5	561.9	• Property tax Revenue grows by 3% • Fuel tax growth flat • $18M of replacement tax assessed
Interest Income	23.7	22.0	25.6	• Cash Balances will be minimized
Senior Government Contributions	135.9	61.4	116.5	• Federal Strategic Priorities Fund will be received as per agreements in place
Total Revenues	1148.5	**1008.1**	**1059.5**	
Expenditures				
Roads & Bridges	135.3	188.0	150.4	• Major road projects nearing completion • Golden Ears Bridge operating expense
Transit	780.5	661.1	665.7	• 4.6% increase in bus transit service hours • Canada Line • Improve quality and quantity of Handy Dart services • 48 new Mark II SkyTrain Cars
TransLink Programs	54.7	54.8	50.6	• Development of 2010 Strategic Plan • Integrating Golden Ears Bridge and Canada Line into network
Transit Police	28.4	23.5	22.7	• Resources for Canada Line
Total Operating Expenditures	998.9	**927.4**	**889.4**	
Surplus (Deficit) before Interest & Depreciation	149.5	**80.8**	**170.1**	
Interest & Depreciation	279.4	158.6	155.8	Capital additions: • Canada Line – $2.0 billion • Golden Ears Bridge – $1.0 billion • Transit Vehicles – $200 million
Surplus (Deficit) before Funding Adjustments	(129.9)	**(77.8)**	**14.3**	
Funding Adjustments	26.8	82.8	(14.4)	• Canada Line/Golden Ears Bridge • Senior Government Assistance
Funded Surplus (Deficit)	(103.1)	**5.0**	**(0.1)**	
Cumulative Funded Surplus	268.3	**376.4**	**371.3**	

Financial Position

Total assets will grow by $652 million. Included in this increase is $856 million of net capital additions which is offset by a reduction in short term assets.

Funding for these capital assets comes from borrowing and senior government assistance and private finance in our P3 projects. Net long term debt will increase by $369 million and obligation arising from our P3 projects will increase by $358 million.

Our fund balances are projected to decrease by $95 million, which reflects our draw on reserves to fund operations in 2009.

Liquidity/Cash Flow

A positive cash flow of $8 million will be generated from operating activities.

New long term debt issues of $450 million, and senior government contributions of $156 million, and a draw on our short term borrowing facility will fund capital additions.

Looking Ahead

As outlined in our ten year plan, 2009 is a bridging year in which we will rely on accumulated funding reserves to fund a portion of our operating activities.

The strategy and approval for funding that sustains what has been committed to date, provided for necessary future transportation investments, and succeeds in implementing our 30-year vision will be the focus in developing our next 10-year plan. With the need to invest in road and transit network improvements recognized and supported, we are confident we will be successful in this regard.

If consensus and approval is not forthcoming, we will have no choice but to cut services.

2. CORPORATE OVERVIEW

The table below summarizes the 2009 revenue and expenditure budget and compares it to the 2008 budget. Schedule 1 provides a more detailed break-out of revenues and expenditures. Schedules 2 and 3 are the December 31, 2009 Consolidated Statement of Projected Financial Position and Consolidated Statement of Projected Cash Flow.

TransLink

2009 Revenue and Expenditure Budget

($ millions)	2009 Budget	2008 Budget	Inc./ (Dec.)
Revenues			
Transit	381.3	354.2	27.1
Golden Ears Bridge Tolls	13.4	-	13.4
Real Estate	15.0	-	15.0
Taxation	579.2	570.5	8.7
Interest Income	23.7	22.0	1.6
Senior Government Contributions	162.9	61.4	101.5
Total Revenues	1,175.5	1,008.1	167.4
Expenditures			
Roads & Bridges	127.6	188.0	(60.4)
Transit	780.5	661.1	119.4
TransLink	54.7	54.8	(0.1)
Transit Police	28.4	23.5	5.0
Total Operating Expenditures	991.3	927.4	63.9
Surplus/(Deficit) before Interest & Depreciation	184.2	80.8	103.4
Interest & Depreciation	279.4	158.6	120.8
Surplus/(Deficit) before Funding Adjustments *	(95.2)	(77.8)	(17.4)
Funding Adjustments	(7.9)	82.8	(90.6)
Funded Surplus/(Deficit)	(103.1)	5.0	(108.0)
Cumulative Funded Surplus	268.3	376.4	(108.2)

* Annual and cumulative surplus/(deficit) have been restated to reflect expensing of employee future benefits

New for 2009, the budget format is consistent with TransLink's consolidated statement of operations and changes in fund balances. The excess (deficiency) of revenue over expenditures consistent with Canadian Generally Accepted Accounting Principles (GAAP) reporting which is then adjusted to derive the surplus/deficit on a funding basis. TransLink's legislation specifies that we must retain an accumulated fund surplus.

More detail on funding adjustments is provided in Section 10 of this report.

Schedule 1

TransLink
2009 Revenue and Expenditure Budget
$000's

	2009 Budget	2008 Budget	Inc./ (Dec.)	2008 Q3 Forecast
Revenues				
Transit	**381,322**	**354,200**	**27,122**	**355,405**
Golden Ears Bridge Tolls	**13,430**		**13,430**	
Real Estate	**15,000**		**15,000**	
Taxation				
Fuel	264,800	267,600	(2,800)	264,800
Property	263,165	255,500	7,665	255,150
Hydro Levy	18,100	17,900	200	17,860
Parking Sales	15,120	11,500	3,620	15,260
Replacement Tax	18,000	18,000	0	8,871
Total Taxation	**579,185**	**570,500**	**8,685**	**561,941**
Interest Income	**23,660**	**22,046**	**1,614**	**25,620**
Senior Government Contributions	**162,931**	**61,398**	**101,533**	**212,884**
Total Revenues	**1,175,528**	**1,008,144**	**167,384**	**1,155,850**
Expenditures				
Roads & Bridges				
Major Road Network - Operations, Maintenance & Rehabilitation	32,929	31,707	1,222	31,662
Capital Funding to Municipalities	81,357	150,019	(68,662)	52,965
Golden Ears Bridge	6,330		6,330	
Albion Ferry	7,033	6,274	759	6,460
Total Roads & Bridges	**127,649**	**188,000**	**(60,351)**	**91,087**
Transit				
Bus Division				
Coast Mountain Bus Company	547,400	481,738	65,662	487,387
Access Transit	48,432	34,810	13,622	35,662
Other Contractors	18,201	16,002	2,199	15,204
Total Bus Division	**614,033**	**532,550**	**81,483**	**538,253**
Rail Division				
Expo & Millenium Lines	89,145	81,647	7,498	81,774
West Coast Express Commuter Rail	18,092	16,967	1,125	16,969
Canada Line	33,561	290	33,271	
Total Rail Division	**140,798**	**98,904**	**41,894**	**98,743**
Canada Line - Other				
Amortization of Concessionaire Project Funding	(9,036)		(9,036)	
Bike Bridge - Operations, Maintenance & Rehabilitation	200		200	
Total Canada Line - Other	**(8,836)**	**-**	**(8,836)**	**-**
Property tax, rentals, fare media & insurance	**34,521**	**29,690**	**4,831**	**28,718**
Total Transit	**780,516**	**661,144**	**119,372**	**665,714**
TransLink	**54,715**	**54,767**	**(52)**	**50,630**
Transit Police	**28,429**	**23,459**	**4,970**	**22,709**
Interest Expense	**115,097**	**61,517**	**53,580**	**66,157**
Depreciation Expense	**164,293**	**97,044**	**67,249**	**89,613**
Total Operating Expenditures	**1,270,699**	**1,085,931**	**184,768**	**985,910**
Surplus/(Deficit) before funding adjustments	**(95,171)**	**(77,787)**	**(17,384)**	**169,940**
Funding Adjustments:				
Canada Line	**(7,344)**	**0**	**(7,344)**	**(99,885)**
Golden Ears Bridge	**41,516**	**0**	**41,516**	**(3,765)**
Senior Government Funding (Excluding Canada Line)	**(135,902)**	**(62,989)**	**(72,913)**	**(121,445)**
Debt Service	**93,850**	**145,758**	**(51,908)**	**55,027**
Total Funding Adjustments	**(7,880)**	**82,769**	**(90,649)**	**(170,068)**
Funded Surplus/(Deficit)	**(103,051)**	**4,982**	**(108,033)**	**(128)**
Cumulative Funded Surplus	**268,282**	**376,442**	**(108,161)**	**371,332**

TransLink
Consolidated Statement of Projected Financial Position
$000's
Year ended December 31

	Projected 2009	**Projected 2008**	**Actual 2007**
ASSETS			
Current Assets			
Cash and market securities	-	176,792	285,625
Accounts receivable	58,075	56,376	56,791
Supplies inventory	35,659	34,732	33,832
Prepaid expenses	5,570	5,446	5,326
	99,304	**273,346**	**381,574**
Long-term investments	24,085	72,347	71,355
Debt reserve deposits	44,337	40,614	37,595
Debt sinking funds	375,334	360,891	282,245
Capital assets	4,815,459	3,959,319	3,086,651
	5,358,519	**4,706,517**	**3,859,420**
LIABILITIES AND FUND BALANCES			
Current Liabilities			
Accounts payable and accrued liabilities	179,947	172,476	168,257
Current portion of long-term debt	88,760	72,891	65,319
Short-term debt	8,390	-	-
	277,097	**245,367**	**233,576**
Employee Future Benefits	46,074	41,760	37,761
Canada Line - Deferred concessionaire credits	712,057	561,062	264,613
Golden Ears Bridge concessionaire liability	967,563	760,771	538,655
Long-term debt	2,103,482	1,750,379	1,609,668
Non-controlling interest in captive insurance subsidiary	1,876	1,772	1,673
	4,108,149	**3,361,111**	**2,685,946**
Fund balances (Note 1)	**1,250,370**	**1,345,406**	**1,173,474**
	5,358,519	**4,706,517**	**3,859,420**

Note 1

Change in Fund Balance between 2008 and 2009 is a reduction of $95,036.
This is made up of:

2009 Budget Deficit - see Schedule 1	$95,171
2009 Budget AirCare Deficit - see Section 11	799
Transportation Property and Casualty Company Inc. Surplus	(934)
	$95,036

Schedule 3

TransLink
Consolidated Statement of Projected Cash Flows
$ (000's)
Year ending December 31, 2009

Operating Activities		
TransLink Deficit	$	(95,171)
AirCare Deficit		(799)
		(95,970)
Non cash items		
Depreciation		164,293
Golden Ears Bridge imputed interest		32,401
Working capital changes		9,034
Amortization of debt issue costs		1,209
Sinking fund interest		(17,700)
Debt reserve fund interest		(1,651)
Amortization of deferred concessionaire credits		(9,036)
Senior Government contributions		(155,931)
Capital funding to municipalities		81,357
		103,976
Total Operating Activities		**8,006**
Investing Activities		
Purchase of capital assets		(682,710)
Capital funding to municipalities		(81,357)
Sale of long term investments		49,300
Debt reserve fund contribution		(4,630)
Debt reserve fund maturities		2,558
		(716,839)
Financing Activities		
Debt issues		463,000
Senior Government contributions		155,931
Sinking fund maturities		74,183
Sinking fund payments		(70,925)
Serial debt payments		(1,966)
Golden Ears Bridge capital payments		(3,302)
Debt issue costs		(3,473)
Debt maturities		(89,797)
		523,651
Decrease in cash		**(185,182)**
Opening year cash balance		**176,792**
Closing year (deficit)	$	**(8,390)**

3. REVENUES

Transit - Fares

Context / Overview:

- Transit fare revenues were increased by six percent on January 1, 2008. The last Fare Tariff increase was in 2005.
- Overall ridership growth in the 2008 budget was estimated at 4.2 percent and we are currently forecasted to end the year $230,000 better than budget or 0.07 percent.
- In spring of 2009, we will implement a new Employer Pass Program, using a web-based software system. This will enable the technical stability required in order to expand the program. Successful implementation will be critical; as processes will dramatically change (employers will have the responsibility to enter data as opposed to sending forms to TransLink for data entry).
- In 2009, we will see full-year impacts of U-Pass expansion to Langara College and Capilano University. Additionally, we will be focusing on U-Pass audits at new and existing schools.
- The new Canada Line rapid transit service to the City of Richmond and the Airport from downtown Vancouver adds incremental revenue based on a late summer/early fall opening date.
- Continued rigor will be placed on FareDealer vendors; ensuring compliance with terms of agreement and regular monthly audits.
- The City of Mission contributes transit revenue for a contractual share of West Coast Express commuter rail service. Additional revenue results from Train Bus service which added more bus runs in 2008, and is expected to increase again in 2009 due to passenger demand.
- We will continue to support the implementation of the SmartCard, keeping in mind plans to improve efficiencies internally in advance of implementation.
- Work is ongoing regarding the Ticket Vending Machines to ensure regular, consistent, system availability and ensure required redundancy measures are in place for customer service and revenue stability.

2009 Projected Financial Results ($000's):

	2009 Budget	2008 Budget	2008 Forecast
Transit	$ 370,016	$ 343,997	$ 344,227

Assumptions:

- Ridership growth before Canada Line and U-Pass expansion is 3.0 percent.
- Canada Line incremental revenue is based on current projections.
- West Coast Express ridership will increase by 2.0 percent.
- Revenue projections for Employer Pass Program and U-Pass are based on program experience.
- Agreement finalized with City of Mission regarding increased Train Bus service by start of 2009.

Risks & Challenges:

- Economic environment poses a risk, as the background ridership growth was calculated at 2.3 percent; consistent with the 2009 10-Year Plan. This factor considers the overall Metro Vancouver economic environment, including employment and population growth.

Transit - Other

Context / Overview:

- 2008 was the first full year of the increased parking rates at Scott Road Park & Ride. Rates increased for the first time (September 2007) in over ten years and resulted in approximately double the annual parking revenues (currently on track to meet budget of $600K for 2008).
- Since August 1, 2005, when TransLink signed a new contract with Lamar Advertising, we have received $18.2M in guaranteed minimum revenues and $4.7 million in revenue share over the guaranteed minimums.
- Increased advertising revenues are a key focus for the Marketing group. There are new initiatives in a pilot stage, such as LED displays on sides of buses. If the current pilot program is successful, we could see more LED displays on buses within our service region. TransLink and our partner, Lamar Transit Advertising, are the first to test the bus LEDs in Canada. Additionally, we have launched LCD displays at the SkyTrain stations in our effort to increase revenues.

- ***Other Revenue – 2009:***

Description	2009 Budget ($ '000's)
Advertising	$ 8,723
West Coast Express – Other	631
Property Rentals	514
Miscellaneous	1,018
SkyTrain Retail	420
TOTAL	**$ 11,306**

2009 Projected Financial Results ($000's):

2009 Budget	2008 Budget	2008 Forecast
$ 11,306	$ 10,203	$ 11,179

Assumptions:

- Advertising revenue is maintained at 2008 levels, reflecting $1.5M over the contractual minimum amount.
- Miscellaneous revenue includes parking revenues at Scott Road Park & Ride ($650k) and U-Pass sponsorship revenues ($300k).

Risks & Challenges:

- Economic downturn may result in reduced advertising revenue.

Golden Ears Bridge Tolls

Context / Overview:

- The Golden Ears Bridge will go into service in the summer of 2009 - contractual substantial completion is June 30, 2009.
- Once the bridge opens, there is a one-month toll-free period for marketing, user familiarization and tolling testing and commissioning.

2009 Projected Financial Results ($000's):

2009 Budget	2008 Budget	2008 Forecast
$ 13,430	$ 0	$ 0

Assumptions:

- Bridge opens July 1, 2009.
- Bridge tolls commence August 1, 2009.
- Traffic and revenue forecasts provided through investment grade analysis are accurate – the forecast assumed the mid point between optimistic and pessimistic forecasts.

Risks & Challenges:

- Traffic and revenue forecast has overestimated volumes of users.
- Bridge is not complete by June 30, 2009 – triggers liquidated damages and impacts the wind-down of Albion Ferry Service.
- Bridge may open early, which results in more revenue, but additional capital and Operations Maintenance and Rehabilitation payments in 2009.

Real Estate

Context / Overview:

- The Real Estate division commenced work on several key real estate initiatives including several disposition and acquisition projects.
- Two key new properties were acquired and nine future marketing projects were commenced.

2009 Projected Financial Results ($000's):

2009 Budget	2008 Budget	2008 Forecast
$ 15,000	$ 0	$ 0

Risks & Challenges:

- The current market conditions are strongly affected by the availability of financing and property sales will be subject to the status of the real estate market.

Interest Income

Context / Overview:

- Interest income includes interest earned on the sinking fund, debt reserve fund, short-term investments, and money held in our bank account.
- The spread between long-term and short-term borrowing rates has widened, and it is expected that this will continue through next year.
- Rather than borrow long-term and hold cash on hand, we expect to use our MFA short term borrowing facility to meet our cash requirements. Holding less cash on hand will contribute to lower interest income in 2008.
- The above factors will more than offset the interest received on current contributions to our sinking funds.
- Actual strategy will be modified to meet market conditions.
- Interest Rate returns for 2008 are estimated to be 4.0 percent.

2009 Projected Financial Results ($000's):

2009 Budget	2008 Budget	2008 Forecast
$ 23,660	$ 22,046	$ 25,620

Assumptions:

3 percent interest earned on short-term investments.

Senior Government Contributions

Context / Overview:

- Funding is received under designated programs from both federal and provincial sources, and is primarily for capital infrastructure projects.
- The largest source is the federal Strategic Priorities Fund, which is assisting in the funding of:
  - Buses (using green hybrid technology and electric power)
  - SkyTrain vehicles
  - New SeaBus marine vessel
  - New and expanded operating, maintenance and training centers needed for vehicle expansion
- The federal government has committed to continue the Strategic Priorities funding program for at least four more years to 2013/2014.
- Federal funding is also being received for the Transit Secure program (must be complete by March 31, 2009) and the Canada Line.
- $51.8 million was received from the Province in 2008 as an advance on Provincial Transit Plan funding. The advance assists in the funding of new buses, SkyTrain vehicles and an additional SeaBus.
- Further provincial capital funding is anticipated for 2009, but is not reflected in the budget as timing and amounts are subject to the approval of business case submissions.
- Provincial funding for 2009 will also include $7 million towards repayment of deferred Canada Line contributions. These payments are subject to concessionaire meeting performance standards for which they are at risk.

2009 Projected Financial Results ($000's):

	2009 Budget	2008 Budget	2008 Forecast
Federal	$ 155,931	$ 61,398	$ 92,419
Provincial	7,000	0	111,400
Municipal	0	0	9,065
TOTAL	**$ 162,931**	**$ 61,398**	**$ 212,884**

Assumptions:

- Strategic Priorities Fund monies will be received as per existing agreements.
- Transit Secure will be completed in compliance with the funding agreements and the full approved project funding envelope will be received.
- Canada Line service commences late summer/early fall 2009.
- Canada Line concessionaire will meet performance specifications.

Risks & Challenges:

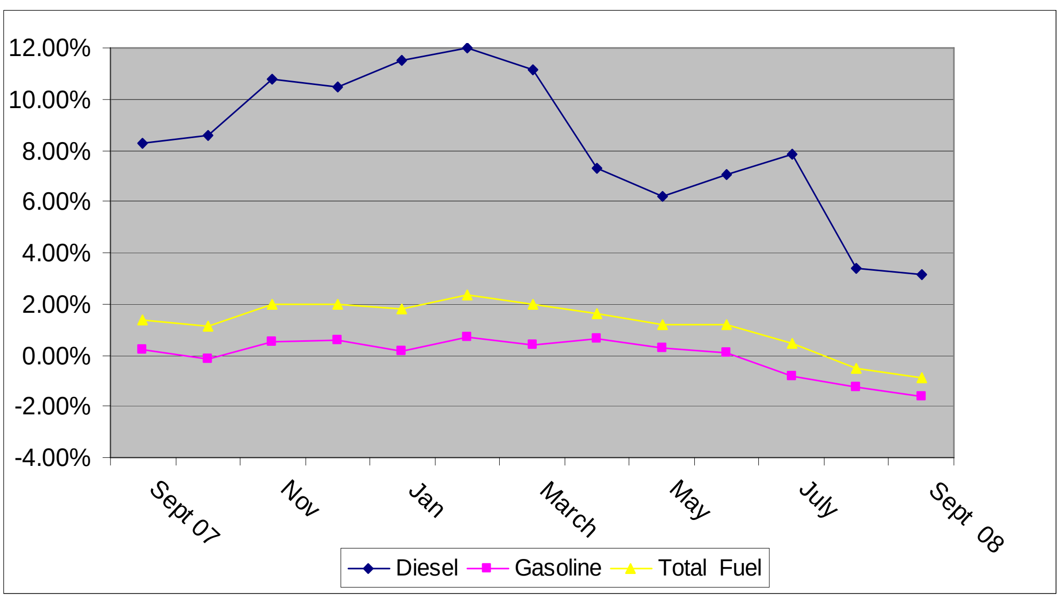
- Funding may not be forthcoming if the Transit Secure project does not meet federal requirements on completion timing and invoicing.
- Opportunity for increased provincial funding should project approval be received.

Fuel Tax

Context / Overview:

- Fuel tax is applied to gasoline and diesel fuel sales in the transportation service region, with gasoline sales being 84 percent of total revenue. While diesel consumption has decreased at a faster rate than gasoline, the impact for fuel tax revenue has not been as dramatic as diesel is a smaller percentage of the total revenue.
- There is considerable challenge to forecasting revenues, as historical sales trends do not reflect a changing environment of technology, greenhouse gas emission impact and legislative changes.
- Tax is remitted to TransLink by the provincial Consumer Taxation branch, who collects sales data from fuel distributors and apply the tax rate as prescribed under the Motor Fuel Tax Act.
- The current tax rate of $0.12 per litre has been in place since April 1, 2005.
- Legislation under the SCBCTA Act allows for an increase of $0.03 per litre upon TransLink Board approval and ratification of the Mayors' Council.
- Extreme fuel price volatility experienced in 2008 - beginning the year at $1 per litre increasing to a high of $1.50 and currently (November 2008) just below $1.
- 2008 budget revenue was based on current growth trends at the time of 7.5 percent for diesel fuel and - 1.0 percent for gasoline.
- 2008 projected shortfall of $2.8 million reflects declining fuel usage from prior periods due to a number of factors:
  - economic activity decline, particularly in the construction industry (diesel sales)
  - broadened fuel tax exemptions for stationary vehicles due to changes made in provincial legislation under the Motor Fuel Tax Act which resulted in claim levels increasing and refund claims in arrears to 2006
  - high fuel prices affecting fuel purchase levels
  - technology and increased fuel efficiency of vehicles

12 Month Moving Average - Fuel Sales Growth



2009 Projected Financial Results ($000's):

2009 Budget	2008 Budget	2008 Forecast
$ 264,800	$ 267,600	$ 264,800

Assumptions:

- Tax Rate remains at the current level of $0.12 per litre for 2009.
- Projected 2008 sales include recovery from significant sales decline In mid 2008, as current fuel price (November 2008) has declined significantly from summer months.
- Volume for 2009 remains flat from projected 2008 sales.

Risks & Challenges:

- Economic environment poses a risk, as business and personal fuel usage may decline with major construction projects put on hold and discretionary travel being curtailed.
- Risk of significant impact if fuel price escalates significantly.

Property Tax

Context / Overview:

- TransLink has legislative authority to assess a tax based on property values within the transportation service region using a variable rate system.
- Tax may be collected on property classes 1, 2 ,3, 4, 5 and 6, 8, 9 (Residential / Utilities / Unmanaged Forest / Major Industry / Light Industry / Business / Recreational & Non Profit / Farm).
- The ability to vary the tax rates between classes is limited.
- Total property tax revenues include Payments in Lieu of Taxes (receipts are based on government properties not included on submitted tax rolls used for regular property tax calculations) and roll and supplemental adjustments. The net effect of these two items is estimated at less than 1 percent of total revenue.

2009 Projected Financial Results ($000's):

2009 Budget	2008 Budget	2008 Forecast
$ 263,165	$ 255,500	$ 255,150

Assumptions:

- 3 percent revenue increase as allowed by legislation.
- Supplemental and tax roll adjustments and Payments in Lieu of Taxes will be comparable to prior year's amounts.

Risks & Challenges:

- Minimal.

Hydro Levy

Context / Overview:

- This transit levy is collected from each household in the transit service region through the BC Hydro and the City of New Westminster Electrical Utility billing systems.
- The current rate has been in place since 1991.

2009 Projected Financial Results ($000's):

2009 Budget	2008 Budget	2008 Forecast
$ 18,100	$ 17,900	$ 17,860

Assumptions:

- Rate is forecast to remain at the current level of $1.90 per month.
- Growth rate in number of household units is estimated at 1.4 percent to match forecast population growth.

Risks & Challenges:

- Minimal.

Parking Sales Tax

Context / Overview:

- Tax applies to purchase price of parking rights within the transit service region. The tax is collected through the Ministry of Small Business and Revenue – Consumer Taxation branch.
- The 2008 Budget was estimated by the Consumer Taxation branch and was based on analysis from prior years.
- TransLink staff requested a review which resulted in a significant increase to the annual estimate; $11.5 million to $14.5 million for the 2007/08 province fiscal year.
- The 2008 forecast reflects this new estimate and an adjustment for the prior year.
- Annual reviews are now required based on an agreed methodology.
- The rate may be increased to up to 21 percent subject to a plan supplement being approved.

2009 Projected Financial Results ($000's):

2009 Budget	2008 Budget	2008 Forecast
$ 15,120	$ 11,500	$ 15,260

Assumptions:

- Tax Rate remains at 7 percent current level.
- Growth for 2009 is 2.0 percent over provincial estimates for the prior year, based on population and CPI growth less an adjustment for inventory loss.

Risks & Challenges:

- Economic environment poses a risk, as business and personal use of paid parking may reduce.
- Revenue forecasting has challenges as full data is only available subsequent to year end.

Replacement Tax

Context / Overview:

- Replacement tax came into effect for 2008 to replace the revenues lost due to the repeal of the Parking Site Tax.
- Replacement tax is assessed on the net taxable value of land and improvements in the transportation service region, and may be applied to the following property classes 1, 2, 4, 5 and 6 (Residential/Utilities/Major Industry/Light Industry/Business).
- TransLink is authorized to collect not more than $18 million per fiscal year.
- The TransLink Board may vary the rates by property class.
- For 2008, the amount of tax assessed was reduced to $9 million from the $18 million that was included in the budget to provide business owners with relief. Consultation on the 2008 budget assumed it would apply to non-residential classes of property only. Legislation which was approved subsequent to the consultation enabled the tax to apply to both residential and non-residential properties.

2009 Projected Financial Results ($000's):

2009 Budget	2008 Budget	2008 Forecast
$ 18,000	$ 18,000	$ 8,871

Assumptions:

- $18 million will be assessed and applied to all allowed property classes, which is consistent with consultation for the current 10 Year Plan.

Risks & Challenges:

- There may be challenges to the weighting applied to property classes.

4. ROADS & BRIDGES

Major Road Network – Operations, Maintenance and Rehabilitation

Executive Summary:

- TransLink is responsible for the administration of operating and capital funding for the Major Road Network (MRN), and for the operation, maintenance and rehabilitation (OMR) of Pattullo Bridge, Knight Street Bridges (North and South), Marine Drive Overpass, and Westham Island Bridge. TransLink also has the responsibility for the Albion Ferry docks (through our road maintenance agreement), commercial vehicle enforcement (size and weight only) on the MRN (through an agreement with the Ministry of Transportation) and transit signal priority systems (i.e., maintenance of on-road 98B-Line infrastructure).
- The costs of the MRN Bridges & Roads Operations budget will increase by approximately 4 percent over the 2008 costs.

2009 Projected Financial Results ($000's):

Description	2009 Budget	2008 Budget
MRN Bridge Operations	$1,750	$1,700
Road Operations Costs		
Anmore	151	148
Belcarra	66	68
Burnaby	4,210	4,127
Coquitlam	2,415	2,454
Delta	1,700	1,663
Langley City	358	357
Langley Township	2,272	2,121
Maple Ridge	701	687
New Westminster	656	648
North Vancouver City	396	388
North Vancouver District	562	551
Pitt Meadows	131	129
Port Coquitlam	258	253
Port Moody	880	863
Richmond	1,973	1,854
Surrey	6,251	5,823
Vancouver	7,672	7,508
West Vancouver	155	152
White Rock	45	44
Municipal Allocation Subtotal	30,852	29,838
Golden Ears Bridge Roads added on July 1, 2009	155	0
Contingency	172	169
Roads Operations Subtotal	31,179	30,007
MRN Bridges & Roads Operations Costs	$32,929	$31,707

Key Performance Indicators:

- Funding to municipalities is conditional on meeting pavement condition criteria set by TransLink and pavement condition surveys are performed every three years.

Assumptions:

- OMR rate for 2009 = $13,250 per lane-kilometre (represents a 2 percent capped increase over 2008 rate).
- 23.4 lane-km are added as part of the Golden Ears Bridge project mid-year so the OMR payments are prorated.
- Contingency allowance for the addition of 13 lane-kilometres of additional roadway.

2008 Highlights:

- A review of OMR cost for MRN roads and structures was started in the spring. Preliminary results indicate OMR costs for roads are higher than the present allocation.
- The third tri-annual pavement condition survey was started in the fall to confirm the present pavement condition of the MRN roads. The survey results will be combined with the 2002 and 2005 pavement condition survey results to determine the trend of the pavement condition of the MRN roads.

2009 Initiatives and Focus:

- The OMR cost review for MRN roads and structures will be completed for consideration in the preparation of the 2009 10-year base plan and any 2009 supplementary plans.

Risks / Challenges:

- The OMR Program does not expose TransLink to any financial risk since funding agreements with each individual municipality specify the amount of TransLink funding.
- The ongoing challenge TransLink faces is pressure from the municipalities to provide more OMR funding, to make up the shortfall between the current TransLink OMR funding levels and actual OMR costs being experienced by the municipalities for roads and structures (not currently funded by TransLink).

Capital Funding to Municipalities

Context / Overview:

- This funding represents payments to the municipalities to finance between 50 percent and 100 percent of the costs of doing major rehabilitation, upgrading and construction to portions of the major road network (MRN)
- Three major projects funded from MRN capital funding are now complete (Dollarton Bridge, David Avenue Connector, 204th Street Overpass). Five more major projects are underway:

Project	TransLink Commitment ($millions)
Fraser Highway Widening	$45
Coast Meridian Overpass	$60
Main Street Widening	$5
Murray Clark Connector	$46
Roberts Bank Rail Corridor	$50

- TransLink also provides funding for minor roads projects and bicycle capital infrastructure improvements.
- TransLink does not own these roads and bike improvements and these costs are expensed for accounting purposes. We currently finance these expenditures through long-term debt and an adjustment for funding requirements is made to only recognize the debt service costs.
- Spending is exceedingly hard to predict, as we are dependent on when the respective municipalities contract for the work and when municipalities invoice TransLink for our pre-agreed share.
- 2009 payments will be lower than 2008 as the majority of the major road projects are nearing completion.

2009 Projected Financial Results ($000's):

	2009 Budget	2008 Budget	2008 Forecast
MRN - Major Capital Projects			
Fraser Highway Widening	$ 10,719	$ 37,170	$ -
204th Street Overpass	-	-	4,238
Coast Meridian Overpass	21,000	-	34,990
Roberts Bank Rail Corridor Program	3,000	3,000	2,975
Murray Clarke Connector	4,000	24,750	-
Studies	-	1,000	1,000
	$ 38,719	**$ 65,920**	**$ 43,203**
MRN – Minor Capital Projects	40,284	81,628	6,680
Bicycle Infrastructure Capital Cost Sharing (BICCS)	2,354	2,471	3,082
	$ 81,357	**$ 150,019**	**$ 52,965**

Risks & Challenges:

- The budget impact is considered low, as forecasts have tended to overestimate the actual spending. Spending in this area is funded with debt and impact on annual funding requirements is not significantly impacted by variances in capital spending.

Golden Ears Bridge

Executive Summary:

- Bridge is scheduled to open July 1, 2009.

2009 Projected Financial Results ($000's):

- The following costs are for a six-month period only, assuming that the Golden Ears Bridge is substantially complete and open to traffic as of July 1, 2009. They include operating costs only as depreciation of the full cost of the bridge is included in depreciation expense

Description	2009 Budget
Payments to tolling concessionaire	$2,880
Safety payments to concession partnership	140
Operation and maintenance payments	2,090
Port Metro Vancouver lease payment	20
Subtotal of payments to others	**$5,130**
Insurance (TransLink cost)	1,200
Total	**$6,330**

Key Performance Indicators:

TransLink has adopted the B.C. Ministry of Transportation Asset Preservation Performance Measures for Highway Concessions as the basis for defining the condition of the TransLink Assets for the Golden Ears Bridge Project OMR function. Below is a brief summary of some of the Key Performance Measures to be achieved by the Concessionaire

Asset Management:

- Facility Management: ensure best practices and continual improvement are applied.
- Highway Running Surfaces: ensure safety and availability, no traffic delays, two-way two-lane access at all times and acceptable riding comfort.
- Bridges: ensure safety and functionality at all times for the travelling public, adequate side protection and maintenance of waterway and fisheries features at each site.
- Major Retaining Walls: ensure safety and functionality at all times and no impediments to passage of legal heavy commercial vehicles.
- Major Culverts: ensure safety and functionality at all times and no load limitations, either weight or speed, that compromise passage of legal heavy commercial vehicles.
- Major Sign Structures: ensure safety and functionality at all times.
- Drainage: to minimize encroachment of surface water on the highway running surface.
- Electrical: ensure lighting meets provincial standards and signs are functional, serviceable and have up-to-date displays.

Tolling:

- Backoffice to ensure: telephone/call system uptime, handling and resolution of customer complaints, up-to-date and accurate payment processing, distribution/return of OBUs (On-Board Units), account maintenance, system processing and ICBC processing.
- Toll Operator to ensure: maintenance of toll system and acceptable response/repair times for emergency maintenance.

Assumptions:

The following are assumed:

- Golden Ears Bridge will open July 1, 2009.
- TransLink will receive an exemption from property taxes effective July 1, 2009.
- Insurance will be procured by TransLink directly, rather than through the concessionaire.
- No additional marketing/public awareness/promotional campaigns after July 1, 2009.
- Costs to provide oversight on the bridge operations and maintenance and on tolling operations are included in the budget for Capital Management & Engineering.

2009 Initiatives and Focus:

To ensure a smooth transition from construction to operations and diligence in oversight of the operation, maintenance and tolling agreements.

Albion Ferry

Executive Summary:

- The budget for fiscal 2009 assumes that the Golden Ears Bridge will open on July 1, 2009 and the ferry will continue to operate until July 31, 2009. The operations budget is for a period of seven months and the administrative budget is for ten months, which should take care of the shutdown of the office and assets. Included in the budget is the negotiated severance package for employees.

2009 Projected Financial Results ($000's):

2009 Budget	2008 Budget	Increase/ (Decrease)	Percent Change
$ 7,033	$ 6,274	759	12.1

Assumptions:

- The budget assumes that shutdown of service will be July 31, 2009. Should the Golden Ears Bridge open earlier or later than scheduled then, this could change the budget.

2009 Initiatives and Focus:

- To maintain current level of service and staffing so that the operation can run at full capacity until the date of shut down.

Risks / Challenges:

- Our risks are the ability to maintain licensed personnel until the shutdown of service. Extra overtime will be incurred if personnel start leaving early to pursue other careers.

5. TRANSIT

Bus Division

Executive Summary:

Coast Mountain Bus Company oversees the operations of Conventional and Community bus service, SeaBus, Access Transit (HandyDART), and Albion Ferry. CMBC is on an impressive growth trend – expanding its service hours by 17 percent from 2006 to 2008 with accompanying expansions in fleet, staffing and facilities.

In 2008 alone, service hours expanded by 286,000 annual hours. To address this growth over 100 new buses were put in service and over 700 operators completed the operator training program. This year 100 percent of our buses are now accessible and service hours delivered is a near perfect rate of 99.5 percent. A number of recruitment initiatives were developed to meet the hiring challenge for both operators and tradespeople.

With the anticipated 2009 service expansion of 140,500 annual hours, demand for new operators and maintenance people will remain high. CMBC redeployed the Oakridge Transit Centre, which was retired after the launch of the Vancouver Transit Centre, as an important hub for Community Shuttle and Trolley Overhead operations. However, depot capacity constraints continue as the workforce and fleet expand.

In summer 2009, new service is planned to connect Langley and Maple Ridge over the Golden Ears Bridge. In the fall an extensive service integration plan is required to accommodate the new Canada Line service. Preparations for the 2010 Winter Olympics and Paralympics Games are well underway and will continue to draw on our resources in 2009 and 2010. Delivery of a third SeaBus and new hybrid buses are also slated for 2009.

Administration of the West Vancouver, Community Shuttle and Access Transit contractors is within the Bus Division. The 2009 budget reflects the operational costs to implement the Access Transit strategy approved in 2007. In addition to a 10 percent increase in service hours there is significant investment in quality of service including: centralized registration and call center, improved operations oversight and customer service enhancements delivered through technology.

The focus for 2009 will continue to be to meet four corporate priorities. Maximize our customers' experience, achieve success through our people, use our resources effectively and efficiently and maximize safety and reduce our environmental impact. Challenges relating to service expansion, facility space, recruitment, new buses, new bus technologies, and others will continue to be monitored through the implementation of our 2009 business plan.

2009 Projected Financial Results ($000's):

$000's	2009	2008	Incr/(Decr)	% Change
Coast Mountain Bus Operations				
Operating Costs	$ 282,483	$ 262,530	$ 19,953	7.6%
Fuel Costs	66,232	45,390	20,842	45.9%
Maintenance Costs	148,498	127,864	20,635	16.1%
Indirect/Administration Costs	46,063	43,691	2,372	5.4%
Amortization	4,124	2,262	1,861	82.3%
Total	$ 547,400	$ 481,738	$ 65,662	13.6%
Access Transit				
Operating Costs	$ 26,150	$ 20,778	$ 5,372	25.9%
Fuel Costs	3,265	2,280	986	43.2%
Maintenance Costs	2,505	1,702	803	47.2%
Indirect/Administration Costs	16,511	10,051	6,460	64.3%
Amortization	--	--	--	
Total	$ 48,432	$ 34,810	$ 13,622	39.1%
Contracted Community Shuttle				
Operating Costs	$ 3,585	$ 3,255	$ 330	10.1%
Fuel Costs	759	586	173	29.5%
Maintenance Costs	292	351	(60)	-17.0%
Indirect/Administration Costs	552	537	15	2.7%
Amortization	--	--	--	
Total	$ 5,187	$ 4,729	$ 458	9.7%
West Vancouver				
Operating Costs	$ 7,354	$ 6,518	$ 836	12.8%
Fuel Costs	2,049	1,381	668	48.3%
Maintenance Costs	2,606	2,323	282	12.2%
Indirect/Administration Costs	924	1,050	(127)	-12.1%
Amortization	83	--	83	
Total	$ 13,015	$ 11,273	$ 1,742	15.5%
Contracted Services Subtotal	$ 18,201	$ 16,002	$ 2,199	13.7%
Grand Total	$ 614,033	$ 532,550	$ 81,483	15.3%

Buildup from 2008 Base Budget ($ 000's):

	Total Operating	CMBC	Access Transit	Contracted Community Shuttle	West Vancouver
2008 Budget	$ 532,550	$ 481,738	$ 34,810	$ 4,729	$ 11,273
Maintain the existing level of service	53,051	49,127	3,010	286	630
Infrastructure investment to maintain Operations	1,944	1,861			83
Expansion in level of service with no investment					
Quantity - service hours	5,747	5,747			
Quality of service	12,970	4,272	8,697		
Service expansion with infrastructure investment	7,771	4,655	1,915	172	1,028
2009 Budget	**$ 614,033**	**$ 547,400**	**$ 48,432**	**$ 5,187**	**$ 13,014**

Key Performance Indicators:

	2009 Target	2008 Target	2008 Q-3 YTD
Objective: Deliver reliable, convenient, clean and courteous transit service			
Delivered service hours / scheduled service hours	99.50%	99.50%	99.49%
Objective: Ensure employees are informed, supported and valued			
Exempt engagement survey	78%	60%	78%
Objective: Maximize our operational effectiveness			
Mean distance between vehicle failures	4,250 kms	3,500 kms	4,167
Objective: Keep Our Employees and Customers Safe			
Preventable collisions per million service hours	170	179	200
Objective: Reduce the Environmental Impact of Our Operations			
Spills per million kilometres (priority spills)	Combined spills	0.48	0.65
Spills per million kilometres (non-priority spills)	12.85	12.75	13.21
Cost Per Service Hour			
CMBC	$116.05	$106.81	$106.91
Access Transit	$76.63	$59.50	$60.04
Contracted Community Shuttle	$49.81	$46.08	$49.10
West Vancouver	$99.16	$93.38	$96.79

Assumptions:

- General Inflation of 1 percent on indirect costs excluding utilities.
- Electricity Costs increases 7.5 percent.
- Insurance rates – April 1 5% variable rate increase
- Collective Agreements CUPE – January 1 and CAW & COPE – April 1 increases ranging from 3 percent to 3.5 percent.
- Exempt salary increase of 3 percent effective January 1.

Fuel	Jan to Jun	Jul to Dec
Diesel Fuel Cost - base per litre before taxes	$1.00	$1.10
Conventional Bus and Community Shuttles*	$1.28	$1.39
SeaBus*	$1.10	$1.21
Access Transit*	$1.32	$1.44

* Includes all taxes and different fuel blends

Service Hours	Conventional Bus	Change	Community Shuttle	Change	SeaBus*	
2008 Budget Fiscal Service Hours	**4,060,591**		**438,889**		**10,786**	
2008 Annualized Hours	98,780	2.4%	7,548	1.7%		
2009 Expansion Hours *	98,015	2.4%	1,923	0.4%		
2009 Budget Fiscal Service Hours	**4,257,386**	**4.8%**	**448,360**	**2.2%**	**10,631**	

* SeaBus fiscal service hours reflect the current year's calendar for weekdays, weekends and statutory holidays.
* Final Service Plan - budget costing based on 98,515 hours.

Service Hours	Access Transit	Change	West Vancouver	Change	Contracted Community Shuttle	Change
2008 Budget Fiscal Service Hours	**585,000**		**120,720**		**102,628**	
2009 Expansion Hours	47,000		10,524		1,506	
2009 Budget Fiscal Service Hours	**632,000**	**8.0%**	**131,244**	**8.7%**	**104,134**	**1.5%**

2008 Highlights:

Maximize Our Customers' Experience

- Incorporated approximately 286,000 additional annual hours of service.
- Planned and managed bus service with continual changes for detours, impacting planning, service delivery, transit communications, customer information and bus stop maintenance.
- Service improvements to support expanded U-Pass program to Langara and Capilano.
- Conducted public input sessions for the Canada Line Bus Integration Plan.
- 100 percent of our buses are accessible and more than 50 percent of all bus stops are accessible.
- Modified the Richmond Transit Centre articulated fleet to accommodate all-door boarding.
- Developed a bus cleanliness quality control program.
- Nominated for best call centre in B.C. Call Centre Association 2008 awards.

Achieve Success Through Our People

- Partnership with Jamaican government and Okanagan College to bring up to 25 qualified commercial transport mechanics to CMBC.
- Successfully completed collective bargaining with CUPE and assisted Albion Ferries in completing bargaining with BCGEU.
- Implemented flexible benefits program for exempt personnel.
- Transit Operator career fair at Canada Place with over 1600 applicants and 500 successful employee placements.
- Trained over 700 graduates through the operator training programs.
- Over 800 employees attended the safety, training & refresher series (STARS).
- Developed and participated in an exempt engagement survey company-wide, which CMBC achieved a 78 percent engagement score.

Use our Resources Effectively & Efficiently

- Developed an Olympics' sheet operator sign up strategy and achieved agreement with CAW.
- Joined the International Bus Benchmarking Group.
- Transit Management & Communications (TMAC) operational on entire fleet.
- Implemented new communications incident record system (CIRS).
- Implemented Employee Web Portal.
- Developed numerous SharePoint sites for improved collaboration.
- Automated workflow using electronic forms for the employee on-boarding process.

Maximize Safety & Reduce our Environmental Impact

- Implemented real-time safety code calculations within the daily operating management system.
- 41 percent reduction in assaults (Sep. YTD).
- Storm drain upgrades.
- Completion of the Emergency Operations Centre.

2009 Initiatives and Focus:

Corporate Priority: Maximize our Customers' Experience

Objective: Deliver reliable, convenient, clean and courteous transit service

- Expand the cleanliness quality control program.
- Develop ride check program for new operators.
- Develop driver review and vehicle education program.
- Participate in TransLink traffic signal project.
- Develop baseline performance measures using boarded passengers.

Objective: Ensure that our transit customers and the public have easy access to information

- Work with TransLink on transit information initiatives.

Corporate Priority: Achieve Success Through our People

Objective: Build strong teams by recruiting, developing and retaining the right people

- Expand management development programs.
- Continue improvements to performance management system.
- Develop employee orientation program.

Objective: Ensure employees are informed, supported and valued

- Develop and implement improved rewards & recognition programs.
- Develop corporate communications program.
- Expand respectful workplace program.
- Implement employee portal.

Corporate Priority: Use our Resources Effectively & Efficiently

Objective: Maximize our operational effectiveness

- Roll out technology road map.
- Constantly improve business processes to enhance resources and uses of assets.
- Develop data tools to support operations.
- Integrate Access Transit.
- Participate in International Bus Benchmarking Group.

Objective: Meet our Financial Plan

- Identify and track shared services costs.
- Capitalize on best practices with International Bus Benchmarking Group.

Corporate Priority: Maximize Safety and Reduce our Environmental impact

Objective: Keep our employees and customers safe

- Develop a comprehensive communication plan to deliver safety messages.
- Create an accident prevention working group.
- Implement ISO compliant Safety Management system.
- Develop baseline performance measures for onboard incidents using boarded passengers.

Objective: Reduce the environmental impact of our operations

- Continue exploration of green alternatives.
- Develop an environmental communication plan.

Risks / Challenges:

Service Expansion

- The bus depot facilities are at full capacity for the parking and storage of buses, additional service expansion and the expanded fleet will create further infrastructure challenges.
- Difficulty in obtaining and training new operators, mechanics, and other skilled trades.
- Overtime may increase to cover staffing requirements and vacancies during the hiring process.
- Additional demands on staffing and expenses in the business support areas.

New Buses and new technology

- Additional skilled trades support and training will be required to support the new technology and buses.
- As the warranties expire on the new buses, materials and maintenance costs will increase.

Diesel and Other Fuels

- Fuel prices have been volatile, and for every $0.01 change in diesel fuel prices, equates to a $450k increase in fuel costs.
- Portions of natural gas suppliers are in fixed price contracts and scheduled renewal reflect current prices in effect.

U.S. exchange rates

- Maintenance material costs are influenced by the U.S. exchange rate, other than general inflation, the budget does not include any potential effects on the exchange rate.

Canada Line

- The opening and integration of Canada Line will have some significant service and scheduling challenges as well as new exchanges and trolley overhead expansion.

New Sea Bus

- Commissioning, staffing and crew training for the new SeaBus prior to the 2010 Olympics service.

2010 Olympics

- Resources requirement to plan and support the Olympics.

Access Transit

- Transition to a single contractor and a new business model with the MVT Canadian Bus Inc service agreement.

2009 Subsidiary Capital Budget:

Maintain Existing Operations

	$000's	$000's
Storm Drainage System Upgrades	1,068	
Facilities Upgrade at Joyce and 22nd St Stations	600	
Underground Cable Replacement - South End of Cambie Bridge	495	
OTC Maintenance Facility Roof Replacement	100	
Data Centre Relocation	750	
Total Facilities & Infrastructure		**3,013**
Machitec Gold Cut Plasma Cutter (Replace Burning Table for the Welding Shop)	67	
Spare Articulated Portable Hoist	75	
Burnaby North & South Elevator Refurbishment	701	
Burnaby South Garage - In-ground Hoist Replacement HST021 & HST022	600	
Port Coquitlam Garage - In-ground Hoist Replacement HST002 & HST003	1,000	
Installation of Garbage Compactor and Tipper Unit at STC	33	
Sectionalizer Switches for Overhead Circuits	425	
Arc Flash Study for Rectifier Station Equipment	350	
Infrastructure Equipment Replacement - various facilities	290	
Unforeseen urgent capital requirements	250	
Total Machinery & Equipment		**3,791**
Fuel Tank Monitoring System RTC, PTC & NTC	150	
Transit Communications Maintenance Workstation (Hardware & Software)	120	
InMotion Pilot - Consolidated wireless access points on buses	50	
Wireless Management	80	
Total Technology Applications		**400**
NRV Replacement (21 vehicles)	1,016	
NRV Replacement (4 vehicles) - Transit Security	140	
NRV Additional Vans (6) for TCOMM	474	
NRV Additional Vans (5) for Facilities	167	
NRV FOH Pusher Tug	60	
NRV Mobile Cleaner Vans (2)	55	
Total Non Revenue Vehicles		**1,911**
Total CMBC Operations Capital Expenditures		**9,115**

Rail Division

Executive Summary:

<u>Expo & Millennium Lines</u>:

For the Operations and Vehicle Maintenance Divisions, 2009 will be one of our busiest years ever. Much-anticipated new trains will be received, tested, commissioned and placed into service. This will require significant training, planning and familiarization of all involved employees. At the same time, new trains are being delivered expanded operations & maintenance facility and yard storage areas will still be under construction, so creative ways to ensure that the construction activities do not interfere with the provision of required scheduled service will be found. Significant upgrade work is also planned for the SkyTrain stations which will improve the customer experience. Through the year, lighting upgrades in all remaining Expo Line stations will be completed, new ways to communicate with customers with the addition of new scrolling and digital electronic signage will be introduced, and major renovations of the Broadway station to improve accessibility and upgrade it's general appearance will be finished. Most importantly, efforts to improve the customers' experience by focusing our attention on issues related to safety and security on and about the system will continue.

<u>Canada Line:</u>

The construction of the Canada Line is proceeding ahead of schedule and expectations are the system will open in late summer to early fall 2009. BCRTC's focus will be on managing all operations and maintenance issues leading up to the opening day of the line, and will support TransLink in their deliverables to the new line, including marketing efforts, bus integration, police recruitment and training and the provision of ticket vending equipment.

After the opening of the Canada Line, BCRTC will take control of the concession agreement management from Canada Line Rapid Transit Inc. (CLCO). This will include monitoring of the new line for quality and availability, as well as ensuring the operating period payments are in accordance with the contract.

<u>West Coast Express:</u>

Our 2007/2008 TrainBus expansion has been a great success. WCE is planning to do a second TrainBus expansion, by adding two additional runs on weekdays in 2009 to specifically address the ridership overflow for the midday and evening TrainBuses. The WCE service expansion plans a number of capital projects including the Ticket Vending Machine replacement and various Transit Secure projects which will be implemented in 2009. Next year will be an exceptionally busy and unpredictable year for WCE, with a huge drain and demand on our resources. One possible addition will be, pending Board of Director approval, the expansion of the existing fleet and the upgrading of the Waterfront and Mission facilities.

In spite of the enormous challenges next year, WCE will continue to maintain focus on customer service, safety and cost containment, and sustain our high customer satisfaction and safety ratings. It is hoped a cost recovery of 85 percent will be achieved for 2009.

THE 2010 OLYMPIC AND PARALYMPIC GAMES

For all three of the businesses, there will be a significant amount of planning and implementation to ensure readiness for this important international event. This combined with planning work to support the 2010 APTA Rail Convention in Vancouver and the World Police and Fire Games, 2009 will challenge staff resources.

2009 Projected Financial Results ($000's):

	2009	2008	Increase	% change
Expo & Millennium Lines:				
Operations Costs	$ 23,373	$ 22,053	$ 1,320	6.0%
Hydro	9,521	7,574	1,947	25.7%
Maintenance Costs	43,091	40,099	2,992	7.5%
Indirect Costs	8,935	7,846	1,088	13.9%
Retail Revenue	(421)	(157)	(264)	168.2%
Post Employee Benefits	3,640	3,566	74	2.1%
Amortization	585	509	76	14.9%
Total	$ 88,724	$ 81,490	$ 7,234	8.9%
Canada Line:				
Payments to Canada Line	$ 32,881		$ 32,881	
TVM Maintenance	184		184	
Contract Management	496	$ 290	206	
	$ 33,561	$ 290	$ 33,271	
West Coast Express:				
Operations Costs	$ 10,069	$ 9,847	$ 221	2.2%
Fuel	1,560	978	583	59.6%
Maintenance Costs	4,204	3,917	287	7.3%
Indirect Costs	2,191	2,187	4	0.2%
Amortization	68	38	30	79.3%
Total	$ 18,092	$ 16,967	$ 1,125	6.6%
Total Net Expenditures	$ 140,377	$ 98,747	$ 41,629	42.2%
Revenue to corporate revenue	421	157	264	168.2%
Total Expenditures	140,798	98,904	41,893	42.4%

Buildup from 2008 Base Budget ($ 000's):

	Total Operating	Expo & Millennium	Canada Line	West Coast Express
2008 Budget	$98,747	$81,490	$290	$16,967
Maintain the existing Level of Service	3,754	3,320	63	371
Hydro & Utilities (inflation only)	835	835		
Fuel Inflation	583			583
Infrastructure investment to maintain Operations	286	189	43	54
Expansion in Level of Service with no investment				
Quantity	221	112		109
Quality	963	671	284	8
Service Expansion with infrastructure investment	35,252	2,371	32,881	
Increased Retail Revenue	(264)	(264)		
2009 Budget	$140,377	$88,724	$33,561	$18,092

Key Performance Indicators:

	2009 Target	2008 Target	2008 Q-3 YTD Actual
Expo &Millennium Lines:			
Customer:			
Overall Customer Satisfaction Score - Mystery Shopping	85.00%	84.00%	84.83%
Perception of security - on board and in stations (out of 10)	7.5	7.4	7.1
Major passenger injuries per 1 million board passengers	1.1	1.1	1.1
Employees:			
Lost time frequency index (per 200,000 hours)	2.5	2.5	4.0
Asset Utilization:			
On time performance (within 2 minutes)	94.50%	94.50%	94.92%
Spare ratio (calculated as % of fleet not in service during peak hours)	8.09%	8.57%	7.89%
% of service plan delivered	99.80%	99.80%	99.68%
Financial:			
Operating cost per boarded passenger	$1.16	$1.12	$1.10
Operating cost per total vehicle kilometre	$2.16	$2.26	$2.11
West Coast Express:			
Customer:			
Overall Customer Satisfaction Score - Mystery Shopping	85.00%	84.00%	84.60%
Perception of security - on board and in stations (out of 10)	9.2	9.1	9.1
Passenger injuries per 1 million boarded passengers	1.2	1.4	0.5
Employees:			
Lost time frequency index (per 200,000 hours)	0.0	0.0	0.0
Asset Utilization:			
On time performance % (within 5 minutes)	97.50%	96.50%	97.90%
Spare ratio (calculated as % of fleet not in service during peak hours)	2.70%	2.70%	2.70%
% of service plan delivered	99.80%	99.80%	99.50%
Financial:			
Net operating cost per passenger kilometre	$ 0.030	$ 0.030	$ 0.003

Assumptions:

Service Plan:

	Vehicle Kilometres			Service Hours
	Expo & Millennium Lines	Canada Line	West Coast Express Trains	West Coast Express TrainBus
2008 Budget	**36,210,516**	**n/a**	**1,222,637**	**6,078**
2009 Expansion	4,787,136	2,754,816		756
2009 Budget	**40,997,652**	**2,754,816**	**1,222,637**	**6,834**

<u>Expo & Millennium Lines</u>:

Wage & Salary increases:
- 3 percent economic increase.
- .5 percent trade allowance for applicable bargaining unit trades staff.
- .25 percent increase to the pension plan & an estimated increase of 2 percent for other benefits.

Goods & Services Inflation:
- An estimate of 2 percent to 3 percent inflation has been added only to those contracts that are expected to increase as a result of future negotiations which resulted in a low inflationary increase for goods & services of 1.6 percent.

Fuel & Energy:
- BC Hydro announced a rate increase of 6.56 percent and an additional rate rider of .5 percent on April 1, 2008.
- Effective April 1, 2009, BC Hydro announced another rate increase of 8.21 percent.
- 5 percent general inflation for utilities and 18 percent inflation for gas.

<u>Canada Line</u>:

Canada Line Payments:
- Assumes opening date of late summer to early fall 2009.

<u>West Coast Express</u>:

Goods & Services Inflation:
- Inflation rate of 3 percent.
- Labour rate increases for CP crew and VIA staff were both 3 percent.
- Fuel budget rate of $1.25/ltr for Jan-Jun 2009, and $1.35/ltr for Jul-Dec 2009.

2008 Highlights:

<u>Expo & Millennium Lines</u>:

Customer
- Design and implement public safety/security enhancements.
- Revised mystery shopping program to reflect feedback from customers.
- Developed initial operating strategies for the 2010 Olympic and Paralympic Games.

Organization/Employees
- Completion of a five-year Strategic plan for BCRTC including new vision & mission.
- Completion of exempt employee survey and action plans resulting from survey.
- Develop a business continuity plan.

Asset Management
- Developed operating strategy for fleet expansion.
- Completion of budgeted capital projects:
    - Began work on multiple Transit Secure initiatives.
    - Installation of digital video recording system.
    - Completion of lighting upgrade at Expo Line stations (stage 2).

Financial
- Design, build and implementation of new retail outlets.
- Achieve a positive variance of expenditures to budget.

Canada Line:

- Established project review protocols with the Canada Line operating company.
- Developed service operating strategies for 2010 Olympic and Paralympic Games.

West Coast Express:

- Reduced station delays by 30 percent.
- Increased TrainBus service options to customers with expanded weekend service.
- Completion of business case to expand fleet by 20 percent.
- Capital projects - currently implementing CCTV system.
- Conducted 2008 Exempt employee survey.

2009 Initiatives and Focus:

Expo & Millennium Lines:

Customer
- Implement SkyTrain safety and security strategy.

Organization/Employees
- Implement a new staff Performance Management System.
- Develop internal and external communication strategy.

Asset Management
- Coordinate new initiatives with TransLink (e.g. customer service, smartcards, fare gates, accessibility, safety & security).
- Develop IT strategic plan implementation.
- Capital Projects:
    - Implement new MKII car fleet expansion.
    - Completion of the Transit-Secure projects.

Financial
- Develop BC Hydro energy cost review.

SkyTrain – Canada Line:

- Coordinate the delivery of TransLink implementation issues prior to opening of the Canada Line.
- Complete the hiring of the BCRTC team to oversee the Canada Line concession agreement.

West Coast Express:

- TrainBus Expansion Plan – Phase 2.
- Ensure successful implementation of new Ticket Vending Machines and system.
- Support TransLink in developing a long-term Train Service Expansion Strategy.
- Fleet procurement for WCE Expansion (2009/2010).
    - Expand Waterfront station yard and extend platform.
    - Expand Mission station yard.
- Develop Train Service Expansion Strategy with CP and Via Rail for Olympic Games.
- Olympics Projects: (tripling size of Operations).
    - Maintenance Plan.
    - Resourcing: Crew and Contractors, training, exercises.

Risks / Challenges:

Expo & Millennium Lines:

Customer

- The need to improve security and the public perception of BCRTC safety and security.

Organization/Employees

- Hiring new employees for the incremental new MKII vehicles and training existing & new employees on the new subsystems.
- Resource Constraints (limited staff & funding) - BCRTC will be facing some significant challenges in assisting with multiple capital projects that will affect our system in 2009, which include:
  - Testing & commissioning, and implementation into revenue service, of up to 48 new MKII cars.
  - Lighting replacements and upgrades at Expo Line stations.
  - Installation of Cubic Nexfare system at the OMC for Canada Line.

Asset Management

- Testing & commissioning of new MKII fleet and operational impact of new system.
- Ability to optimize the efficiency of the fleet with the additional, longer MKII trains.

Financial

- Increased operating costs for BCRTC to manage ticket vending machines on behalf of TransLink for the Canada Line.
- Increased operating costs for new MKII vehicle order if the schedule varies from that used for the 2009 budget.

Canada Line:

- Develop framework to measure performance of the Canada Line.

West Coast Express:

Resources

- Staff resources may become an issue as the company tries to implement new systems, at the same time as train expansion plans and Olympic plans are developed.

Capacity of Current Fleet and Parking

- Ridership growth on the West Coast Express has exceeded sustainable levels, and train cars are overcrowded with passengers forced to stand in doorways or sit on stairs. Park and Ride lots have filled to capacity.

2009 Subsidiary Capital Budget (000's):

Expo & Millennium Lines:

Infrastructure investment to maintain operations

Train Jacking System	$760
Air Conditioning System Upgrade for Main Computer and Communication Rooms	440
Manual Yard Walkways	440
Replace Non-Revenue Vehicles #518 and #519 - Power Bucket Vans	275
Emergency Portable Diesel Generator Set	265
	$2,180

Canada Line – Amortization of Concessionaire Project Funding

Executive Summary:

- The full capital cost of the Canada Line except for the YVR leg is accounted in TransLink capital and amortized over the operating period of the concession (32 years). The amortization is included in depreciation expense.
- The concessionaire's private capital (funded by debt and equity) is reported on our balance sheet as "Deferred Concession Credit".
- The concession agreement does not specify the capital repayment component of performance payments.
- The amortization of the "Deferred Concession Credit" is an offset to the concession performance payment and is an estimate of the capital portion of the payment.

2009 Projected Financial Results ($000's):

2009 Budget	2008 Budget	2008 Forecast
$ 9,036	$ 0	$ 0

Assumptions:

- Budget allows for opening in late summer/early fall 2009.

Canada Line - Bike Bridge – Operations, Maintenance & Rehabilitation

Executive Summary:

In 2009 the pedestrian/bike facility attached to the Canada Line's North Arm Bridge between Richmond and Vancouver will move from construction to operations, and will be TransLink's responsibility. Costs to sweep, sand and monitor this facility are provided for.

2009 Projected Financial Results ($000's):

	2009 Budget
Contract for operations, maintenance and rehabilitation	$200
Administration of contract (assumed to be done by existing staff – no incremental cost)	$0
TOTAL	**$200**

Key Performance Indicators:

Safety and functionality to be ensured at all times for the traveling public.

Assumptions:

Canada Line will open late summer to early fall 2009 and the bike/pedestrian facility will open at the same time.

2009 Initiatives and Focus:

TransLink will enter into contracts to undertake the work.

Risks / Challenges:

New facility for which the scope of operations are not well defined.

Property Tax, Rentals, Fare Media and Insurance

Executive Summary:

These costs are administered and managed by TransLink.

2009 Projected Financial Results ($000's):

This cost centre is impacted by the Canada Line opening where provision is made for insurance ($1.3 million) and property taxes ($300,000). Provision is also made for lease costs for additional space occupied by CMBC ($1.9 million) including one-time tenant improvement costs.

	2009 Budget	2008 Budget	Increase/ (Decrease)	Percent
Insurance	6,218	4,555	1,663	36.5%
Fare Media	3,106	2,762	344	12.4%
Property Taxes	8,520	8,200	320	3.9%
Property Rentals	16,677	14,173	2,504	17.7%
TOTAL	**34,521**	**29,690**	**4,831**	**16.3%**

Assumptions:

- 1 percent increase in taxes (from 2008 actual) on existing properties.
- Canada Line properties will be subject to property tax.

2009 Initiatives and Focus:

- TransLink Finance will undertake a review to determine if these costs, which support the provision of transit service, should be directly charged to the transit subsidiaries.
- Property tax exemptions will continue to be pursued.

6. TRANSLINK

Executive Summary:

TransLink includes the costs of the Board, Chief Executive Office, Mayors' Council, Regional Transportation Commissioner, Capital Management and Engineering, Business and Technology Services, Finance and Corporate Services, Planning, Corporate and Public Affairs, Real Estate, Human Resources and Public Safety and Major Construction Projects. In addition, provision is made for various corporate studies, real estate holding costs, one-time projects and other costs that cannot be attributed to specific functions.

The focus for 2009 will be to develop and gain approval for a new 10-year plan that will identify funding required to maintain our existing commitments and fund additional programs and service that will support the objectives of Transport 2040, our 30 year vision. The 2009 10-year plan was a "bridging the gap" plan, while the 2010 10-year plan will include more in-depth analysis of the costs associated with expanded services, and the revenue and taxes that can support these services, involving stakeholders, senior government, municipalities and the general public.

In addition to building a new plan, TransLink will support the integration of the Canada Line, Golden Ears Bridge and significant bus expansion into the transportation network. Planning work will continue on those strategies that are identified in the 2040 vision and preparation for the 2010 Winter Olympics.

Given funding uncertainty, the growth in expenditures has been curtailed. There were significant resources added in 2008 to plan for the expansion envisioned in the Provincial Transit Plan and what was emerging in the development of a thirty-year vision. Resources were also approved to support the new governance structure including the establishment of the Regional Transportation Commissioner office, Board and Mayors' Council processes and the development of the 10-year plans each year.

For 2009 an envelope equivalent to the 2008 budget plus 3 percent was set for TransLink Corporate. The table below indicates the components of the TransLink corporate and total 2009 budget.

2009 Projected Financial Results ($000's):

TransLink

	2009 Budget	2008 Budget	Increase/ (Decrease)	% Change
Board, Mayors' Council, Commissioner	$1,832	$1,784	$48	2.7%
Corporate				
- Divisions	38,652	36,581	2,071	5.7%
- Studies	3,439	4,750	(1,311)	-27.6%
- Office lease, insurance, memberships,professional fees	6,226	5,579	647	11.6%
	48,317	46,910	1,407	3.0%
Real Estate Holding Costs	$1,180		$1,180	
Other one time	$3,006	$2,973	$33	1.1%
Operational costs	$380	$3,100	($2,720)	-87.7%
	$54,715	$54,767	($52)	-0.1%

The increase in Corporate is consistent with the 3 percent target. The total 2009 budget is $52,000 less than 2008. This reflects the net impact of the 3 percent Corporate increase ($1.4 million), real estate holding costs which have not been incurred before ($1.2 million), and a $2.7 million decrease to operational costs. The operational cost decrease reflects the Transit Road Related Improvement Program being transferred to the Bus Division.

Assumptions:

Corporate – Divisions:
- 3 percent salary increase for exempt and COPE staff.
- Implementation of new Golden Ears Bridge contract monitoring function (2 full time employees).

Corporate - Studies:
- Planning studies for the network master plan and rapid transit extensions - $1.6 million.
- Feasibility studies which do not qualify as capital expenditures - $1 million.
- Ten-year plan consulting resources - $.5 million.
- Complete Trip Diary and Screenline study - $.3 million.

Real Estate Holding Costs:
- Property tax on land held for development - $1.2 million

Other One-time:
- Trolley Overhead extensions for Canada Line integration - $1.8 million.
- Transit Secure projects - $.3 million (net of 75 percent federal funding).
- FCM Loan Projects - $.4 million.
- Real Estate development costs which do not qualify as capital - $.1 million.
- Contingency - $.4 million.

Operational Costs:
- Technology support for "Next Bus" - $.4 million.

2008 Highlights:

- Implementation of new governance framework to support the TransLink Board of Directors, Mayors' Council on Regional Transportation and Regional Transportation Commissioner.
- Approval of TransLink's first 30-year strategy plan, Transport 2040.
- Approval of 2009 Ten Year plan including concurrence from the Regional Transit Commissioner.
- Supported unprecedented growth in bus transit services.
- Memorandum of Understanding signed with the Province enabling the Evergreen Line to proceed.
- Negotiated operating agreement with MVT Canadian Bus Inc. to provide HandyDart services in the service area.
- Established a Business & Technology Services Division to align IT strategies for TransLink and its operating subsidiaries.
- Increased transit advertising revenue by 25 percent over the guaranteed contract amount.
- Maintained double A credit rating for TransLink and A – Excellent rating for Captive Insurance subsidiary.
- Initiated 29 projects with a capital value of $330 million.
- Managed the implementation of the Roberts Bank Rail Corridor which is a multi-agency funded program.
- Managed through unprecedented fuel cost spike and reduction in taxation revenues to end year in surplus.
- Implemented first company-wide employee engagement survey for exempt staff and initiated action teams to address engagement concerns.
- Completed a company-wide safety audit/system review and identified key gaps for system improvement.
- Created and exercised new corporate wide emergency response incident command and communication system.

2009 Initiatives and Focus:

- Review subsidiary governance framework.
- Establish board oversight of corporate social responsibility principles and practices.
- Building productive relationships with newly elected municipal, provincial and federal administrations.
- Develop and roll out five-year corporate strategic plan.
- Provide financial analysis and recommendations to support the approval of the 2010 10-year plan.
- Manage the capital program (155 projects - $2 billion TransLink capital and $3.5 billion Senior Government leveraged funds for a total of $5.5 billion).
- Communications plans for stakeholder, government, municipal and public consultation to support the development of the Supplement to the Ten Year Strategic Transportation and Financial Plan.
- Upgrade TransLink's website with an emphasis on improving access to customer information including all existing sources of multi-modal traveler information.
- Establish TransLink/Provincial agreements for development of the Evergreen Line Real Estate program.
- Continued emphasis on obtaining suitable sites for bus maintenance and storage facilities.
- Continued support for TransLink's role in the 2010 Winter Olympics.
- Golden Ears Bridge - open to traffic July 2009.
- Canada Line - Service Commencement - late summer/early fall 2009.
- Complete phase two of Pattullo Bridge replacement project - functional design and delivery options analysis.
- Development and marketing work required to prepare properties for sale during 2009.

- Efficiencies:
  - Improve procurement and financial accountability processes with focus on performance reporting and enterprise risk management.
  - Continue business process reviews to identify and drive efficiency.
- Develop an IT strategic plan which optimized technology throughout the organization and supports the company's Strategic Business Plan.
- Develop a business case for an electronic fare card system.
- Develop and implement a corporate wide leadership development strategy and program supporting succession planning.
- Implementation of initiatives that respond to employee engagement survey.

Risks / Challenges:

- To hold the budget unchanged from 2008, several vacant positions will not be filled this year. Increased work pressures from the implementation of the Golden Ears Bridge, the start up of Canada Line, increased capital projects, and in-depth analysis of the 10-year plan may require some of the vacant positions to be filled.
- Difficulty in recruiting for specialized skills.
- Uncertainty of today's economic conditions increases the risk acquiring and selling real estate properties.
- Agreement not reached for supplemental funding.
- Transit Secure projects must complete by March 31, 2009 to meet the federal funding deadline.

7. TRANSIT POLICE

Executive Summary:

The Transit Police main challenge is stabilizing its organization, while building its service capacity to meet future policing demands.

The preliminary budget approved by the Police Board was $29.57 million. After further refinement, the total budget request for 2009 has been reduced to $28.43 million.

In 2009, expenditures in infrastructure will be needed to address space needs due to the growth of the organization. Renovations will commence on the existing Police Operations Building (307 Columbia Street) and a Richmond Reporting Office (Bridgeport) will open to provide policing services to the Canada Line.

Additional staff will be needed to meet contractual obligations for the Canada Line, as well as to meet current needs. Of the total requested, 15 full time employees are directly related to the Canada Line expansion. The following additional headcount is requested for 2009.

	2008 Actual	2009 Budget Request	Total FTE
Sworn Staffing	154	15	169
Civilian	47.5	20.5	68
Total	**201.5**	**35.5**	**237**

2009 Projected Financial Results ($000's):

	2009 Budget	2008 Budget	Increase	Percent Change
Operating Costs	$18,469	15,686	2,783	17.7
Maintenance Costs	1,906	974	932	95.7
Indirect Costs	8,054	6,799	1,255	18.5
TOTAL COSTS	**$ 28,429**	**23,459**	**4,970**	**21.2**

Key Performance Indicators:

Transit Police is a new organization and has been undergoing rapid growth in order to develop the necessary infrastructure to support a police service. Once the organization's growth stabilizes, Key Performance Indicators will be developed.

Assumptions:

- No unusual incidents which leads to significant overtime.
- No significant vacancies due to retirements.

2008 Highlights:

- Establishment of Intelligence Driven Policing – to conduct research and analysis to link criminal activities across multiple jurisdictions to aid in the apprehension of criminals.
- Canada Line – an aggressive hiring process over the past two years will enable Transit Police to reach its required strength to meet its contractual obligations for the Canada Line.
- The migration to a police IT network.
- Protocol Memo of Understanding (MOU) – The original protocol MOU between Transit Police and the Jurisdictional Police Departments was amended to further advance seamless policing in the Transportation Service Region.

2009 Initiatives and Focus:

- Completion of the establishment of the Canada Line policing section (to meet contractual obligations).
- Interim facilities development and enhancement for police operations to address recent growth and improve operational functionality.
- Service delivery.
- Reducing risk and increasing quality assurance.

Risks / Challenges:

- Achieving authorized strength in this current competitive hiring market.
- Improving employee engagement to help with the retention of staff.
- Dealing with the increasing expectation of service delivery to all our stakeholders (jurisdictional police departments, TransLink and the public).

8. INTEREST EXPENSE

Executive Summary

TransLink is a capital intensive organization and we finance our capital program through debt and senior government funding, and for our major projects, some private finance.

We borrow through the Municipal Finance Authority (MFA) for both long and short-term borrowing, where interest rates on long-term borrowing is established at the time MFA issues are sold to the market, and rates on our short term facility vary with short-term bank lending rates.

This cost category includes interest paid on MFA debenture debt, short-term borrowings under our short-term facility with MFA and interest on the Golden Ears Bridge concessionaire liability, less any interest that is capitalized on capital projects prior to being placed in service.

The Golden Ears Bridge comes into service in 2009, and the impact of this combined with interest on additional borrowing undertaken in 2008 and 2009 will drive the increases in these costs.

- six months worth of interest on the $938 million liability to the GEB concessionaire at an implicit borrowing rate of 7 percent. This equates to an interest charge of $32.4 million in 2009.
- $16.5 million in additional interest paid on MFA debenture debt: annualization of the $150 million borrowed in the fall of 2008 and interest on the issues assumed in 2009.

2009 Projected Financial Results ($000's):

2009 Budget	2008 Budget	2008 Forecast
$ 115,097	$ 61,517	$ 66,157

Assumptions:

Interest rate assumptions:
- Long-term borrowing: 5.50 percent
- Short-term borrowing: 3.90 percent

New MFA debenture issues in 2009:
- In spring: $150 million
- In fall: $300 million

2009 Initiatives and Focus:

- Major components of this direct capital spending which will require new borrowing include the payment for a substantial amount of expansion and replacement buses that are due for delivery in 2009. Also, large progress payments are expected on three SkyTrain vehicle orders.
- We expect that the spread between long-term and short-term rates to continue to be higher than in past years. It is our intention to maximize the use of our MFA short-term borrowing facility to minimize any negative carry from holding cash. Long-term rates are expected to be 1.5 percent to 2 percent higher than what these funds would earn through short-term investing.

Risks/Challenges:

- Timing of capital spending is extremely hard to forecast.
- Interest rate will vary from forecast.

9. DEPRECIATION EXPENSE

Executive Summary

The costs of capital assets, once they go into service, are amortized on a straight-line basis over a period that reflects their estimated service life.

- Buildings and major structures – 30 years.
- SkyTrain and WCE vehicles – 30 years.
- Electric trolley buses – 20 years.
- Other conventional buses – 17 years.
- Major technology infrastructure – 10 years.
- Custom and community shuttle vehicles – 5 years.

In the first year that the asset goes into service the half-year rule is applied in that one-half of the regular annual depreciation amount is charged regardless of when in that year the asset was put into service.

The depreciation charge is significantly higher than in 2008 due to the following:

- Canada Line, at a capital cost of around $1.9 billion and going into service in 2009, will generate a half-year depreciation charge of about $30.3 million in additional depreciation.
- Golden Ears Bridge, at a capital cost of around $1.1 billion and also going into service in 2009, will generate a half-year depreciation charge of about $16.2 million.
- The annualization of the half-year depreciation charge of assets that have or are due to go into service in 2008 will generate about $10.5 million in additional depreciation in 2009.
- Other assets at a capital cost of about $700 million will also generate a half-year depreciation charge of about $20.4 million in 2009. This $700 million includes new buses, SkyTrain vehicles and infrastructure improvements.

2009 Projected Financial Results ($000's):

2009 Budget	2008 Budget	2008 Forecast
$ 164,293	$ 97,044	$ 89,613

10. FUNDING ADJUSTMENTS

Executive Summary

TransLink, by legislation, is required to generate funds adequate to pay for its expenditures and cannot budget for a funding deficit. Accumulated funding may be used to balance the budget.

The difference between accumulated surplus and deficits using Generally Accepted Accounting Principles and our fund balance are accounted for by funding adjustments. A combined negative funding adjustment means further funding is required while a combined positive funding adjustment means less funding is required.

The budget deficit utilizing GAAP is $95.2 million to which adjustments totaling $7.9 million are applied to derive a funding deficit of $103.1 million.

There are four components to the 2009 budgeted funding adjustments:

- **Canada Line:** replacing depreciation, amortization of the deferred concessionaire credit and Canada Line federal contributions with estimated sinking fund payments results in a combined negative funding adjustment of $7.3 million.
- **Golden Ears Bridge:** replacing depreciation and imputed interest with the actual cash “capital” availability payment plus the estimated sinking fund payments results in a combined positive funding adjustment of $41.5 million.
- **Senior Government Funding (excluding Canada Line):** eliminating $135.9 million in anticipated receipts and interest earned on these funds, as this is only available to make payments on eligible capital projects.
- **Debt Service:** replacing depreciation (other than on Canada Line and Golden Ears Bridge discussed above) on assets that have or will be funded with debt, plus the capital funding to municipalities that will also be funded by debt, with the payments that are being made to the sinking funds result in a combined positive funding adjustment of $93.8 million.

2009 Projected Financial Results ($000’s):

2009 Budget	2008 Budget	2008 Forecast
$ (7,880)	$ 82,769	$ (170,068)

11. AIRCARE

Executive Summary

The AirCare Program will be revenue neutral with a test fee structure that does not return any profit to TransLink or the Province. The AirCare testing fees are established at a level designed to recover the full program costs over the life of the contract.

2009 Projected Financial Results ($000's):

AirCare Program
2009 Revenue & Expenditure Budget

	2009 Budget	2008 Budget	Increase/(Decrease) $	%
Revenue	18,190	20,078	(1,888)	-10.4%
Expenditures	18,989	18,630	359	1.9%
Surplus/(Deficit)	(799)	1,448	(2,247)	-281.2%
Prev. year ending operating balance	(880)	(2,328)	1,448	
Ending operating balance	(1,679)	(880)	(799)	-47.6%

Assumptions:

- 2 percent increase in Envirotest contract price.
- 2 percent increase in Indirect costs.

2008 Highlights:

- AirCare Research Centre re-commissioned.
- GreenHouse Gas (GHG) information added to the AirCare Report.
- AirCare staff develop web-based calculator used by SCRAP-IT program.
- Inspections are evenly distributed – On-Board Diagnostic (OBD), IM240 and ASM/Idle.

2009 Initiatives and Focus:

- Improve current levels of customer satisfaction.
- Monitor financial trends and revise predicted inspection volume.
- Improve repair effectiveness by implementing performance management measures with certified repair industry.
- Perform analysis of operational data to quantify emission reductions.
- A third-party review of the role of the AirCare program and to recommend whether to continue the program beyond 2011.

Risks/Challenges:

- Predicted inspection volume may be lower than predicted.
- An increase in the inspection fee ($1 or $2) to maintain cost recovery.
- Difficult to find a qualified consultant to perform a review outside of Inspection and Maintenance community.
- Retain key staff if the outcome of the review is negative.
- Undergo major changes if the review suggests a program beyond 2011.

2009 CAPITAL BUDGET
ANNUAL IMPACT

2009 Capital Program - Proposed Projects		Total Budget (000's) *	Annual Impact (000's)			
			Operating Cost	Revenue	Debt Servcice Cost *	Total
TRANSIT & ITS - MAJOR PROJECTS						
1	SkyTrain Fibre Optic System Upgrades - Expo Line Phase 1	$ 5,830			$ 506	$ 506
2	STC Expansion of Bus Maintenance and Parking Capacity	$ 7,550			$ 650	$ 650
	Total Transit & ITS - Major Projects	***$ 13,380***	***$ -***	***$ -***	***$ 1,156***	***$ 1,156***
TRANSIT & ITS - MINOR PROJECTS						$ -
3	Bus Security Cameras and Safety Program Enhancements Phase 3	$ 3,970	$ 475		$ 539	$ 1,014
4	STC WWTP Replacement & Redirection of Bus Wash Discharge	$ 1,200			$ 120	$ 120
5	Knight Group TOH Rectifier Replacement	$ 7,450	$ (5)		$ 641	$ 636
6	Running Rail Replacement - New West Curve	$ 1,160			$ 100	$ 100
7	Scott Road Station West Pod Elevator	$ 1,605			$ 138	$ 138
8	Electronic FareCard & Controlled Access - Phase 2	$ 1,000			$ 86	$ 86
9	Minor Capital Account Top-Up	$ 5,000			$ 679	$ 679
	Total Transit & ITS - Minor Projects	***$ 21,385***	***$ 470***	***$ -***	***$ 2,303***	***$ 2,773***
FLEET PROGRAMS						$ -
10	2010 HandyDART Vehicles Replacement	$ 3,885			$ 921	$ 921
11	WCE Service and Facility Expansion	$ 27,730	$ 740	$ (602)	$ 2,384	$ 2,522
12	2010 SkyTrain Expansion - 24 Mark II Cars	$ 75,000	$ 2,472	$ (2,709)	$ 6,456	$ 6,219
	Total Fleet Programs	***$ 106,615***	***$ 3,212***	***$ (3,311)***	***$ 9,761***	***$ 9,662***
ROAD PROGRAMS						$ -
13	2009 MRN Minor Capital Program	$ 20,000			$ 4,742	$ 4,742
14	2009 Bicycle Capital Program	$ 6,000			$ 516	$ 516
	Total Road Programs	***$ 26,000***	***$ -***	***$ -***	***$ 5,258***	***$ 5,258***
	Total 2009 Capital Program	***$ 167,380***	***$ 3,682***	***$ (3,311)***	***$ 18,478***	***$ 18,849***